


Town of Acton

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Finance Department
Stephen G. Barrett, CPA, Director

TO: Board of Selectmen

FROM: Stephen G. Barrett, CPA 

RE: June 2003 Sewer O&M Rate Setting

DATE: June 20, 2003

Based on a review of financial data, I recommend we bill at a rate of \$.01530 cents per gallon for June 2003.

Attached, please find:

1. A graph depicting the Gross Billing Rate and the Subsidy Utilization Amount.
2. A chart detailing billing rates and subsidy amounts used since inception, Feb. 02.
3. A summary of Sewer Gift Fund Financial Activity, to date.

The following is the average daily billable flow volume as of the billing cutoff date for the present and last four billing periods:

February 2003	= 82,804 gpd
March 2003	= 83,131 gpd
April 2003	= 83,291 gpd
May 2003	= 83,767 gpd
June 2003	= 86,526 gpd

Since my May 2003 communication to you on rate setting, we have had five (6) residential and two (2) commercial (McDonalds and K-Mart) sewer hook-ups. Presently, we have 299 residential accounts, at least 39 commercial businesses, 4 schools, 2 municipal properties and 2 religious organizations connected to the sewer system as of close of business June 19, 2003.

Please note, the June 2003 subsidy utilization of \$7,416, is a \$1,281 decrease, being a 14.73% drop from May. This drop was caused by several factors, including:

- Two significant commercial hookups, (McDonalds and K-Mart) which contributed 42 days of billable flow. These hookups occurred May 19, 2003, and the effect of all 42 days occurs in June.
- The fact that June has a thirty day billing cycle, which means that there is less flow to subsidize.

If nothing were to change between the June and July rate setting, (which we know will not be the case), the subsidy utilization for July 2003 would be approximately \$7,907.

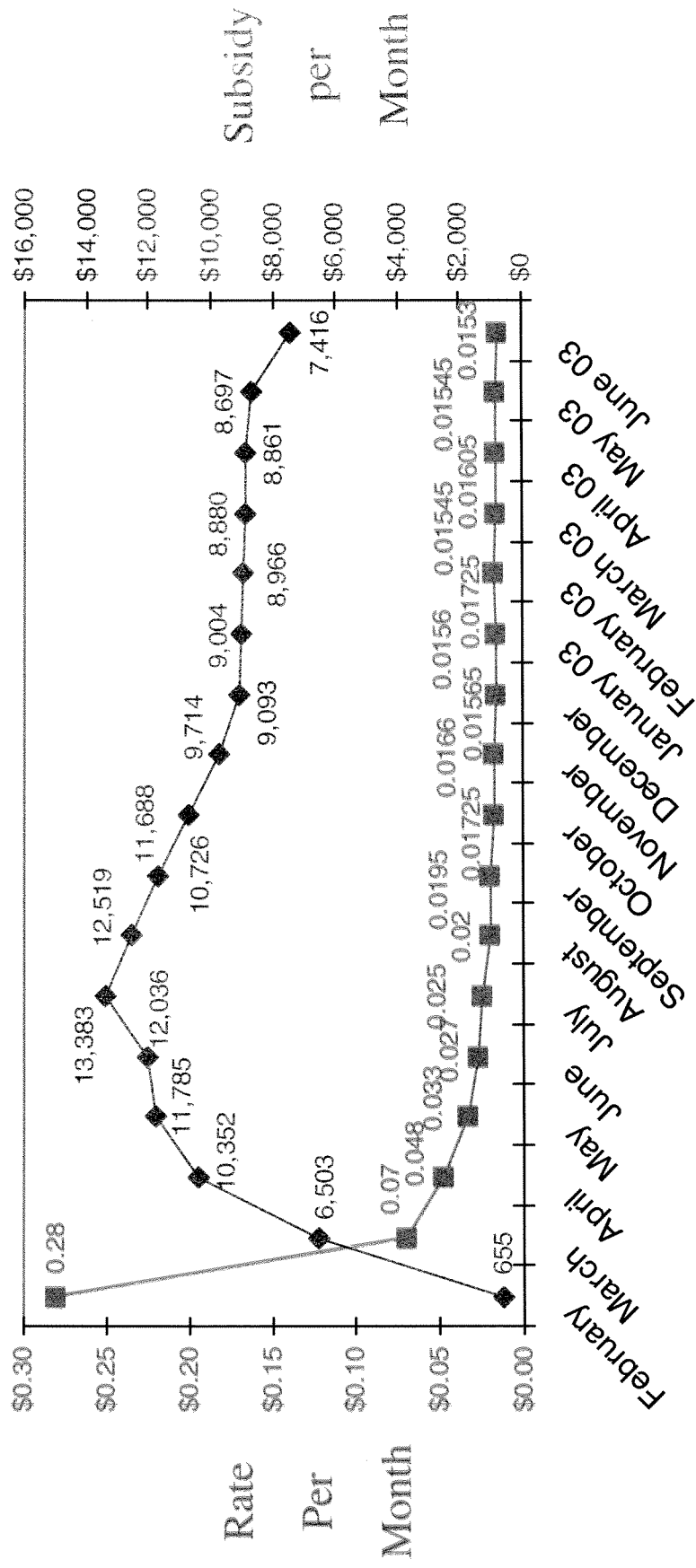
June 20, 2003

For your information, June, being the last month of FY 03, is also the last month we will be using the flow data from the winter of 2001/2002. Next month, and for all of FY 04, we will be using the flow data from the winter of 2002/2003. We will be putting a message on all June 2003 residential bills explaining this to our customers. The following is the proposed text of said message:

"This is the last month we will be using the flow data for your property from the winter of 2001/2002. Beginning next month, and thru June 2004, we will be using the flow data for your property from this latest winter of 2002/2003.

The Board of Selectmen voted in March 2002 to establish a "Residential Rebate Program" to mitigate the full residential charge for a period of six months. Subsequent to the original vote, the Board extended the rebate program for a period of 15 months, expiring on June 30, 2003. On June 23, 2003, the Board of Selectmen extended the "Residential Rebate Program" for an additional 3 months, to expire on 30 September 2003."

Rate vs. Subsidy



TOWN OF ACTON
SUMMARY OF SUBSIDY USED
INCEPTION THROUGH JUNE 2003

Month	Gross		Net Rate to Residential Customers	Residential Volume Billed	Actual		Cumulative		Total	
	Billing Rate Per Gallon	Subsidy Rate Per Gallon			Subsidy used / to be used	Subsidy used / to be used	Subsidy used / to be used	Subsidy used / to be used	Subsidy used / to be used	Subsidy used / to be used
February 02	0.28000	0.26662	0.01338	2,457.8	655.29	655.29	655.29			
March	0.07000	0.05856	0.01144	111,048.8	6,503.01	7,158.30	7,158.30			
April	0.04800	0.03708	0.01092	279,167.3	10,352.36	17,510.66	17,510.66			
May	0.03300	0.02293	0.01007	514,039.9	11,784.83	29,295.49	29,295.49			
June	0.02700	0.01602	0.01098	751,227.7	12,036.17	41,331.66	41,331.66			
FY 02 Sub-total					41,331.66					41,331.66
July 02	0.02500	0.01448	0.01052	924,257.2	13,383.15	13,383.15	13,383.15			54,714.81
August	0.02000	0.00924	0.01076	1,347,371.6	12,519.38	25,902.54	25,902.54			67,234.20
September	0.01950	0.00842	0.01108	1,388,065.9	11,687.53	37,590.07	37,590.07			78,921.73
October	0.01725	0.00659	0.01066	1,627,556.6	10,725.65	48,315.72	48,315.72			89,647.38
November	0.01660	0.00558	0.01102	1,740,858.3	9,713.97	58,029.69	58,029.69			99,361.35
December	0.01565	0.00498	0.01067	1,825,963.7	9,093.35	67,123.04	67,123.04			108,454.70
January 03	0.01560	0.00488	0.01072	1,845,125.7	9,004.27	76,127.31	76,127.31			117,458.97
February 03	0.01725	0.00540	0.01185	1,660,403.2	8,966.14	85,093.45	85,093.45			126,425.11
March 03	0.01545	0.00475	0.01070	1,869,462.6	8,880.01	93,973.46	93,973.46			135,305.12
April 03	0.01605	0.00495	0.01110	1,790,184.6	8,861.35	102,834.81	102,834.81			144,166.47
May 03	0.01545	0.00466	0.01079	1,866,267.7	8,696.81	111,531.62	111,531.62			152,863.28
June 03	0.01530	0.00406	0.01124	1,826,670.7	7,416.28	118,947.90	118,947.90			160,279.56
FY 03 Sub-total					118,947.90					

June 03 rate set. sub. use

06/20/2003

**TOWN OF ACTON, MASSACHUSETTS
SUMMARY OF SEWER GIFT FUND FINANCIAL ACTIVITY**

Beginning Balance @ 1/1/2001	\$	419,602
Permanent Uses - MW/PAT/Borrowing Costs/etc.		70,091
Amount currently reserved for construction		150,000
Balance available		199,511
Expended for FY 02 sewer rate subsidy		41,332
Expended for FY 03 sewer rate subsidy, 7/02 through 06/03		118,947
Balance available - 06/30/2003	\$	39,232